

ONE HUNDRED ELEVENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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MEMORANDUM

April 14, 2010

To: Members of the Subcommittee on Oversight and Investigation

Fr: Chairmen Henry A. Waxman and Bart Stupak

Re: The Impact of the Health Care Reform Law on Large Employers

The Subcommittee on Oversight and Investigations is cancelling the April 21, 2010, hearing on the impact of the new health care reform law on large employers. We are taking this action at the request of several of the companies invited to testify and their representatives. They asked the Subcommittee to allow more time for key health care reform implementation decisions to be made before holding a hearing.

As the Committee examined the potential impact of the new law on large employers, several companies and their representatives expressed the view that the new law could have beneficial impacts on large employers if implemented properly. John Castellani, President of the Business Roundtable, told our staff, “[i]f implemented right, the law has the potential to make employers and employees better off because it could bend the cost curve.” Wayne Watts, the Senior Executive Vice President for AT&T, wrote the Committee: “Should the structural reforms intended to reduce the costs of delivering healthcare under PPAC [the Patient Protection and Affordable Care Act] ultimately prove successful over time, self-insured companies like AT&T would likely benefit from such reduced costs.” Andrew Mekelburg, the Vice President of Federal Government Relations at Verizon, told our staff: “It is critically important to bend the cost curve to get health care spending under control. ... The correct implementation of the reforms associated with the legislation is important to achieving long term savings for the country and for Verizon.”

In their discussions with our staff, the companies and their representatives indicated that they are affected by multiple provisions of the new law. Some of these provisions, like ending the tax deductibility of the government subsidy for providing retiree prescription drug coverage, impose quantifiable costs today on the companies. Others, like coverage of the uninsured and the law’s delivery system reforms, have the potential to hold down employer health care costs. Companies like AT&T, Verizon, and a range of stakeholder associations are hopeful that the

benefits of the new law will outweigh the costs. But they cannot quantify the benefits until the law is implemented.

As several of the companies recommended, the Subcommittee will closely monitor the implementation of the new law and will schedule hearings on the impact of the law as appropriate.

Over the past two weeks, our staff has met with several large employers and their representatives to discuss the new health reform law. They also reviewed documents provided by four companies – AT&T, Verizon, Caterpillar, and Deere & Co. – about the new law. Our staff provided us with a memorandum summarizing what they learned, which we are enclosing for your review.